

## **DEPARTMENT OF HOMELAND SECURITY APPROPRIATIONS FOR FISCAL YEAR 2014**

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**TUESDAY, MAY 14, 2013**

U.S. SENATE,  
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,  
*Washington, DC.*

The subcommittee met at 3:12 p.m., in room SD-138, Dirksen Senate Office Building, Hon. Mary L. Landrieu (chairman) presiding.

Present: Senators Landrieu, Cochran, and Moran.

### **DEPARTMENT OF DEFENSE**

U.S. COAST GUARD

#### **STATEMENT OF ADMIRAL ROBERT J. PAPP, JR., COMMANDANT**

##### **OPENING STATEMENT OF SENATOR MARY L. LANDRIEU**

Senator LANDRIEU. Good afternoon. I'd like to call the subcommittee to order. Let me apologize for the delay, but I had to be on the floor for an amendment on flood insurance, which is another important issue, as important as the Coast Guard for the State of Louisiana and other States. So I apologize, but I am happy to get underway.

Admiral Papp, welcome to our oversight subcommittee hearing today.

This meeting has been called to review the budget proposed for the Coast Guard. Admiral, I want to thank you for your extraordinary service to our country, for the way that you lead the men and women of the Coast Guard, for your energetic and visionary approach to the work that you are doing. We hold the men and women of the Coast Guard in the highest regard on this subcommittee and the people that I represent in Louisiana think very well of the Coast Guard under a variety of different leaders, yourself included.

We consistently hear stories of the Coast Guard providing a great service to the public, such as the recent high-profile rescue of 14 sailors aboard the HMS *Bounty*, a historic sailing vessel, when it got caught in Hurricane Sandy. Senator Cochran and I, who is here today, understand many rescue missions are conducted off the coast of Mississippi and Louisiana routinely, and this was a very high-profile case. Ninety miles off the coast of North Carolina, Coast Guard helicopter pilots and rescue swimmers fought 30-foot seas, 60-knot winds, and torrential rain to rescue the HMS

*Bounty* crew. They rescued 13. Unfortunately, the captain of the ship was not recovered. But it is stories like these that truly make us all proud of our Coast Guard.

Our job here today and through the appropriations process is to ensure that the next generation of Coast Guard men and women has the tools they need to accomplish their many missions and that taxpayer dollars are allocated wisely. I know that you share that goal.

That's why I am very disappointed in the President's 2014 budget request for the Coast Guard. I understand that difficult tradeoffs need to be made in this budget climate, but I believe the top line given to the Coast Guard in the administration's budget request is wholly inadequate.

In 2012, the Coast Guard responded to 19,700 search-and-rescue cases, saved 3,500 lives, interdicted 30,000 undocumented migrants, detained 352 suspected smugglers, inspected 25,000 ship containers, and the best statistic I think is, seized 107 metric tons of cocaine, more cocaine than all other Federal agencies combined. That expresses to me the width and breadth of the Coast Guard mission, which you all carry out from Rhode Island to Alaska, and in other places in the world as well. I am concerned that the Coast Guard's ability to maintain performance measures like these is threatened if this budget that has been presented to us stays as it is.

The President's fiscal year 2014 discretionary budget request is \$7.993 billion, almost 8.5 percent below last year's level, which was, I thought, very modest. The budget request includes a reduction of 850 military billets; moves 1,000 reservists to inactive status; reduces capital expenditures by 38 percent, a level not seen since 2003; and in my view puts the Coast Guard further behind in acquiring the assets it needs to fulfill its important missions, just a few of which I outlined earlier in this statement.

This capital investment request the President submitted for the Coast Guard is, no pun intended, a sea change from the \$2.5 billion that you testified, Admiral Papp, as the amount required to properly replace the Coast Guard's aging stock of ships, aircraft, and other infrastructure. When you testified before the House in 2011 you said, "It would really take close to about \$2.5 billion a year if we were to do all things that we would like to do to sustain our capital plant." In comparison, this budget requests only \$951 million.

I don't see how we can possibly replace the unreliable fleet that we have. Some of these ships, we know them well, are 47, 50 years old. We built some of them in Louisiana. They are not all, of course, built in our State or on the gulf coast, but we know these ships well. How long can a ship last doing the kind of work that we require of them and their crew?

While the budget does include \$660 million for the seventh national security cutter (NSC), and I am very happy about that because it is a priority for our subcommittee, almost every other capital priority is either reduced substantially or completely eliminated. The request essentially overwrites the congressional direction that we gave in 2012 and 2013 requiring you to procure six

fast response cutters per year, eliminating \$30 million in cost savings that we had anticipated.

No funding is provided for new aviation assets or military housing despite known backlogs and despite the understanding that the Coast Guard and their families are sometimes placed in very remote areas by the nature of the mission they are asked to do. It's not like you can run down the road and get affordable community-built housing. Sometimes Coast Guard men and women are the only people within miles.

To make matters worse, the 5-year Capital Investment Plan the subcommittee recently received calls for a radical change to Coast Guard recapitalization efforts in future years. If enacted, the plan will likely delay completion of the offshore patrol cutter, decrease the number of fast response cutters to a level that jeopardizes the program, stop the acquisition of all new aircraft, and scale back investments in deteriorating shore facilities.

#### PREPARED STATEMENT

So today I want to explore the impacts this investment plan will have on the Coast Guard's mission. I'm going to shorten my statement because of the lateness of getting started, but I have to say that we added funding last year to maintain aging assets, enhance oil spill response capabilities, and restore essential mission hours for drug and migrant interdiction. These are just not the chairman's priorities, Mary Landrieu's priorities, or the Senator from Louisiana priorities. These are priorities for our Nation. That's what the Senators of both parties tell me they want. I just don't see how we can accomplish what I know is necessary to keep our country safe and to complete these missions with some degree of professionalism with the budget that we have before us.

With that, I'm going to turn it over to Senator Cochran for his opening statement. Then Senator Moran. Thank you for joining us. [The statement follows:]

#### PREPARED STATEMENT OF SENATOR MARY L. LANDRIEU

Good afternoon. I call the subcommittee to order.

Today I welcome the Commandant of the Coast Guard, Admiral Robert J. Papp, to discuss the Coast Guard's fiscal year 2014 budget request. I want to thank Admiral Papp for his service to this country and for leading the men and women of the Coast Guard.

Admiral Papp, we hold the men and women of the Coast Guard in the highest regard on this subcommittee. We consistently hear stories of the Coast Guard providing great service to the public, such as the rescue of 14 sailors aboard the HMS *Bounty*, a historic sailing vessel, when it got caught by Hurricane Sandy. Ninety miles off the shores of North Carolina, Coast Guard helicopter pilots and rescue swimmers fought 30-foot seas, 60-knot winds, and torrential rain to rescue the crew. Unfortunately, the captain of the ship was not recovered. It is stories like these that make us proud of our Coast Guard.

Our job here today and through the appropriations process is to ensure that the next generation of Coast Guard men and women has the tools they need to accomplish their many missions and that taxpayer dollars are allocated wisely. I know that this is a goal you share.

That is why I am so disappointed with the President's fiscal year 2014 budget request for the Coast Guard. I understand that difficult trade-offs need to be made in this budget climate, but I believe the topline given to the Coast Guard in the President's budget request is wholly inadequate.

In fiscal year 2012, the Coast Guard responded to 19,790 search-and-rescue cases, saved 3,500 lives, interdicted 3,000 undocumented migrants, detained 352 suspected smugglers, inspected 25,000 ship containers, and seized 107 metric tons of cocaine.

The Coast Guard seizes more cocaine annually than all other Federal agencies combined. I am concerned with the Coast Guard's ability to maintain performance measures like these if the President's budget is enacted.

The President's fiscal year 2014 discretionary budget request for the Coast Guard is \$7.993 billion, 8.36 percent below last year's enacted level. The budget request includes a reduction of 850 military billets, moves 1,050 reservists to inactive status, and reduces capital expenditures by 38 percent to a level not seen since 2003, putting the Coast Guard further behind in acquiring the assets it needs to fulfill its missions. This capital investment request the President submitted for the Coast Guard is a sea change from the \$2.5 billion you spoke about as the yearly amount required to properly replace the Coast Guard's aging stock of ships, aircraft, and other infrastructure. When you testified before the House in 2011, you said: "It would really take close to about \$2.5 billion a year if we were to do all the things that we would like to do to sustain our capital plant." In comparison, this budget requests far less than that amount: \$951 million to be precise. I don't see how you can possibly replace your old and unreliable fleet within this budget.

While the budget does include \$616 million for the seventh national security cutter, almost every other capital priority is either reduced substantially or eliminated. The request essentially overwrites congressional direction in 2012 and 2013 requiring you to procure six fast response cutters per year, eliminating \$30 million in cost savings that we anticipated. No funding is provided for new aviation assets or military housing despite known backlogs.

To make matters worse, the 5-year Capital Investment Plan the subcommittee recently received calls for a radical change to Coast Guard recapitalization efforts in future years. If enacted, the plan will: likely delay completion of the offshore patrol cutter; decrease the number of fast response cutters to a level that jeopardizes the program; stop the acquisition of new aircraft; and scale back investment in deteriorating shore facilities. Today, I want to explore the impacts this investment plan will have on Coast Guard missions, such as interdicting drugs in the transit zone, managing a mass migration, oil spill response, fisheries enforcement, and the need to increase our presence in the Arctic.

In the fiscal year 2013 DHS Appropriations Act, Senator Coats and I worked with the other members of the subcommittee to strengthen the Coast Guard's capital investment program. We funded:

- six, instead of two, fast response cutters;
  - long lead time materials for the seventh national security cutter as well as construction costs for the sixth national security cutter;
  - plans and designs for new offshore patrol cutters;
  - one new C130J aircraft;
  - the 18th maritime patrol aircraft, including a mission pallet and spares not requested in the budget but needed to operate effectively; and
  - critically needed military family housing in Kodiak, Alaska.
- Operationally, we added funding to maintain aging assets, enhanced oil spill response capabilities, and restored essential mission hours for drug and migrant interdiction.

The Coast Guard shouldn't always depend on Congress to plug these holes.

I look forward to examining your budget in more detail today so we can make sound decisions about the resources and assets the Coast Guard men and women need today and in the future.

I now recognize Senator Coats for any opening remarks he may wish to make.

Following Admiral Papp's statement, each member will be recognized by order of arrival for up to 5 minutes for any statement and questions.

I now recognize Admiral Papp for his statement.

#### STATEMENT OF SENATOR THAD COCHRAN

Senator COCHRAN. Madam Chairman, I am pleased to join you and the other subcommittee members in welcoming the Commandant of the U.S. Coast Guard to review the service's annual budget request. It's my hope that we will be able to recommend the level of funding required to support the U.S. Coast Guard's important missions.

From the search-and-rescue case of the tall ship *HMS Bounty* to leading efforts in reopening the ports of New York and New Jersey after Hurricane Sandy, and in my State of Mississippi, from recent hurricanes which threatened their own facilities in New Orleans in

the case of the Coast Guard, the Coast Guard has continued to provide important public service in so many different ways.

We look forward to working with you to understand the appropriate funding levels that are needed to support the important work of the men and women of the U.S. Coast Guard who work hard to protect our coasts and our citizens. Thank you.

Senator LANDRIEU. Thank you.

Senator Moran.

Senator MORAN. Madam Chairman, I have no opening statement other than to say, Admiral, welcome, and to express, as a landlocked Kansan, the value of the Coast Guard to our entire country and my great appreciation for the men and women who serve in the Coast Guard. Thank you very much, Admiral.

Senator LANDRIEU. Thank you.

Admiral, please proceed.

#### SUMMARY STATEMENT OF ADMIRAL ROBERT J. PAPP, JR.

Admiral PAPP. Madam Chairman, Senator Cochran, Senator Moran, thank you for having me here today.

I would like to deviate just for a moment from my prepared remarks to address a deplorable issue that I am infuriated by that is confronting the Armed Forces today, and I want to take this opportunity to make a public statement in terms of my feelings in this regard.

A little over 1½ years ago, I communicated with the entire Coast Guard, every member of the Coast Guard. I do that through something called Shipmates Messages. In Shipmates No. 19, the title was "Respecting Our Shipmates: Duty Demands Courage." I would just like to read a couple of phrases from that message.

When I assumed my duties as Commandant, I told you that respecting our shipmates is one of my four guiding principles. Sexual assault, hazing, harassment, and discrimination undermine morale, degrade readiness and damage mission performance. These and other similar acts of misconduct break our obligation to one another. Each incident of sexual assault, hazing, harassment, or discrimination is a deliberate act that violates law, policy, and service standards.

We will not tolerate this behavior in the Coast Guard. We will intervene to prevent or halt these acts when they are occurring. We will investigate and discipline those who have violated law and service policy. And let me be clear, there are no bystanders in the Coast Guard. Our duty to respect our shipmates demands each of us to have the courage to take immediate action to prevent or stop these incidents. Your duty as a coastguardsman is to intervene, prevent or halt it and report it. Failure to help a shipmate in those circumstances demonstrates a lack of courage that is contrary to our core values. I expect every coastguardsman will display the same courage in those circumstances as they would in rescuing someone in peril at sea.

Americans must have confidence that the Coast Guard men and women understand their duty and are committed to our service. Commanding officers and officers in charge shall read this message at the next quarters or appropriate muster to ensure my expectations and intent are clear.

I have repeated that message both in my State of the Coast Guard speech this year and when I've been traveling around the country talking to my senior leaders. In fact, when I leave here today, I'll be going down to Norfolk to speak to all my senior flag officers from the Atlantic area and probably close to about 2,000 coastguardsmen down there. We are taking this seriously, and certainly when we get into the questions and answers, if there are any questions regarding our sexual assault program, I would be happy to answer them.

But I know we are here today to talk about the fiscal year 2014 budget, and I will begin by thanking you for your support in the 2013 budget and the supplemental for Hurricane Sandy. Unfortunately, much like the weather and seas that were produced by Sandy, and we face those weather and seas generally on a daily basis, the Coast Guard cannot control the fiscal environment in which we operate.

The fiscal year 2014 budget sustains the most critical frontline operations while funding our most critical acquisition projects. In the current fiscal environment, this required tough decisions, informed by my highest priorities. These were difficult decisions for me and for our service, but they were the best decisions to ensure that we provide the next generation of coastguardsmen the tools required to protect our Nation.

We are making great strides in recapitalizing the aging fleet. In October, we will christen the fourth national security cutter. On Friday, we celebrate the keeling of No. 5, and the production contract for No. 6 was awarded just 2 weeks ago. Taking into account inflation and other factors within the contract for earlier NSCs, the cost for No. 6 was nearly the same as No. 4 and No. 5. This illustrates the maturity of this project, the stable and efficient production line, and the professionalism and achievements of our Coast Guard acquisition corp.

These cutters are doing amazing work. On our most recent patrol, *Waesche* interdicted contraband worth an estimated \$7.5 million, and just last week *Bertholf* disrupted the shipment of cocaine valued at more than \$5 million.

These cutters are also key to meeting the growing demands in the Bering Sea in the Arctic. With the extreme conditions and lack of shore site infrastructure, the operational effectiveness and command-and-control capabilities of the national security cutter are critical to our success. As the receding Arctic ice gives way to increased human and economic activity, the Coast Guard must be present to ensure safety, security, and stewardship there, and we are preparing for future operations in this emerging maritime frontier.

We've also taken delivery of the first five fast response cutters, the FRCs, and these too have proven to be amazing platforms. Several more will soon join the fleet, and No. 9 was launched last week.

We have also taken delivery of 14 HC-144 aircraft, have contracted for our ninth HC-130J, and have completed life extending of our patrol boats and our medium endurance cutters.

Despite these successes, we still must work to recapitalize the Coast Guard ships, boats, and aircraft that the Nation needs. I'm

happy to report that I received strong support from the Secretary and the President on my highest acquisition priorities, including the funding for the seventh national security cutter in the 2014 budget.

So as I look back on the successes of our past year, I have never been more convinced about the value our Coast Guard provides to the Nation. While mindful of the current fiscal environment, I remain optimistic about the future of the Coast Guard. It is my duty to look beyond the annual budget cycle and to prepare and adapt the service and keep it moving forward to address the greatest maritime safety and security risks to the Nation, not only now but in the future.

In December, we were reminded of the dangers of our duties as I presided at a memorial service for Senior Chief Boatswains Mate Terrell Horne of the Coast Guard cutter *Halibut*. He was killed by smugglers when they rammed his Coast Guard pursuit boat near San Diego. I was reminded of it once again as Mrs. Horne, Rachel, and her three young sons, Kade, Miller and Wells, came into my office this morning in preparation for the ceremony to honor their husband and their father at the wall for the law enforcement officers.

The men and women of the Coast Guard will give their all and make sacrifices every day, putting their country first, and I have never been prouder of them, and they have never been better. Working together, we owe them our very best efforts to provide the support they need.

#### PREPARED STATEMENT

This subcommittee has long supported the men and women of the Coast Guard. I appreciate that, and I thank you for recognizing their sacrifices. On behalf of all my Coast Guard shipmates, I say thank you.

I look forward to answering your questions.  
[The statement follows:]

#### PREPARED STATEMENT OF ADMIRAL ROBERT J. PAPP, JR.

Good afternoon Madam Chair Landrieu and distinguished members of the committee. Thank you for the continuing support you have shown to the men and women of the United States Coast Guard, including the funding provided in the Consolidated and Further Continuing Appropriations Act, 2013 to recapitalize the aging fleet and sustain frontline operations.

This year marks our 223rd year of protecting those on the sea, protecting the Nation from threats delivered by the sea, and protecting the sea itself. The Coast Guard is the Nation's maritime first responder. We are vested with unique authorities, equipped with capable cutters, boats, aircraft and infrastructure, and are composed of the best people the Nation has to offer. We are *Semper Paratus*—"Always Ready" to meet the Nation's evolving maritime safety, security and stewardship needs. We are locally based, nationally deployed and globally connected.

I am here today to discuss the Coast Guard's fiscal year 2014 budget request. Before discussing the details of the request, I would like to take this opportunity to highlight some of the Coast Guard's recent operational successes, and our value and role in the Department of Homeland Security (DHS) and in service to the Nation.

Over the past year, Coast Guard men and women (Active Duty, Reserve, civilian, and auxiliaries), with strong support from our families, continued to deliver premier service to the public. When Hurricane Sandy threatened the eastern seaboard, the Coast Guard acted with the speed, agility and courage that America expects during natural disasters. In advance of the storm's landfall, we worked with the interagency, industry and State and local partners to ensure our ports and maritime

transportation system were prepared. As the storm raged, our aircrews and cutters responded to the foundering HMS *Bounty*, rescuing 14 crewmembers from the 30-foot seas and 60-knot winds. In the Port Authority of New York and New Jersey, Coast Guard personnel restored the aids to navigation system within days; worked with U.S. Customs and Border Protection, the Army Corps of Engineers, local government and industry to reopen the port to commerce; helped de-water flooded tunnels leading to Manhattan, and contained 378,000 gallons of diesel fuel that had spilled into the Arthur Kill waterway when the storm surge caused the failure of shoreside fuel storage tanks.

To prepare to meet the emerging challenges in the Arctic, we successfully completed Operation Arctic Shield, a 9-month interagency effort to assess our capabilities, including the deployment of a national security cutter and two of our ocean going, light ice capable buoy tenders, as well as the temporary assignment of two H-60 helicopters 300 miles north of the Arctic Circle.

Last year, the Coast Guard responded to 19,790 search-and-rescue cases and saved more than 3,500 lives; seized over 107 metric tons of cocaine and 56 metric tons of marijuana destined for the United States; seized 70 vessels, and detained 352 suspected smugglers; conducted more than 11,600 annual inspections of U.S. flagged vessels; conducted 4,600 marine casualty investigations; conducted more than 9,000 Port State Control and Security examinations on foreign-flagged vessels; and responded to 3,300 pollution incidents.

This past year we made great strides in recapitalizing the Coast Guard's aging fleet. In October we will christen the fourth national security cutter, Coast Guard cutter *Hamilton*. In addition to providing us off-shore presence in the Arctic during heightened summer activity, these remarkable ships have excelled in interdicting drug and migrant smuggling in the eastern Pacific and have enabled the Coast Guard to provide command and control, helicopter, and boat capabilities from the farthest reaches of the Pacific to the Bering Sea. I am also very pleased with our new fast response cutters (FRCs). To date, we have taken delivery of five of these new highly capable patrol boats. We have also taken delivery of 14 new HC-144 medium range surveillance aircraft, contracted for the ninth HC-130J and have nearly completed the H-60 conversion project. At the Coast Guard Yard, we completed work on the Patrol Boat Mission Effectiveness Project, extending the service lives of our 110-foot patrol boats, and continued work on the sustainment projects for our fleet of medium endurance cutters. We also recently completed an overhaul of the cutter *Polar Star*, returning the Nation's only heavy icebreaker to active service. None of these critical recapitalization milestones would have been reached without the strong support of the administration and the committees.

As a military service, we provide unique, specialized capabilities as part of the joint force. But the Coast Guard is much more. We are the maritime arm of the DHS. We seek to prevent dangerous or illicit maritime activities, and if undesirable or unlawful events do occur, whether deliberate or accidental, to rapidly respond in order to protect the Nation, minimize the impact, and recover.

Every day the Coast Guard acts to prevent and respond to an array of threats that, if left unchecked, could disrupt regional and global security, the economies of partner nations, access to resources and international trade. All of these are vital elements to our national prosperity. And it is this prosperity that spurs investment and global development, provides jobs, and provides the resources to pay for both our national security and our national defense. It is Coast Guard men and women, working every day in the maritime domain, who enhance our security, reinforce the rule of law, support stability at home and abroad, and increase our prosperity.

The Coast Guard protects:

- Those on the sea: leading responses to maritime disasters and threats, ensuring a safe and secure Maritime Transportation System, preventing incidents, and rescuing those in distress.
- The Nation from threats delivered by sea: enforcing laws and treaties, securing our ocean resources, and ensuring the integrity of our maritime domain from illegal activity.
- The sea itself: regulating hazardous cargo transportation, holding responsible parties accountable for environmental damage and cleanup, and protecting living marine and natural resources.

#### FISCAL YEAR 2014 BUDGET REQUEST

The Coast Guard's fiscal year 2014 budget continues the critical balance between investment in current operations and recapitalization. The fiscal year 2014 budget strategically allocates resources to best mitigate current and long-term operational



risks, while investing in new cutters, boats, aircraft, systems and infrastructure necessary to ensure the viability of the Coast Guard in the future.

The Coast Guard's fiscal year 2014 strategic and budget priorities are to:

- Build essential Coast Guard capability for the Nation;
- Strengthen resource and operational stewardship; and
- Sustain the most critical frontline operations.

Highlights from our request are included in appendix I.

#### *Build Essential Coast Guard Capability for the Nation*

Recapitalization is essential for the long term viability of the Coast Guard. The condition and serviceability of the Coast Guard's in-service surface fleet, the aging of fixed and rotary wing air assets, and the projected timelines to replace these assets require continued investment in surface and air recapitalization programs to maintain the capability to operate. To strengthen DHS' layered security approach offshore, the fiscal year 2014 budget provides for the acquisition of a seventh national security cutter and two more fast response cutters, and continues pre-acquisition activities for the offshore patrol cutter and polar icebreaker. The budget also continues sustainment and conversion work on fixed wing and rotary wing aircraft, procurement of cutter boats, and investment in Command, Control, Communications, Computers, Intelligence, Surveillance, and Reconnaissance (C4ISR) systems.

#### *Strengthen Resource and Operational Stewardship*

In fiscal year 2014, Coast Guard will decommission two high endurance cutters (WHECs) that are being replaced by more capable national security cutters. The Coast Guard will also consolidate regional assets where overlapping capabilities exist by closing air facilities in Newport, Oregon, and Charleston, South Carolina. The 2014 budget ensures that our resources are aligned to our Nation's highest priorities in a manner that balances key investments for the future with sustaining essential investment in today's missions and capabilities that provide the highest return on investment.

#### *Sustain the Most Critical Frontline Operations*

The fiscal year 2014 budget sustains the most critical frontline operations, including maintaining search-and-rescue coverage, protecting critical infrastructure and key resources, supporting safe navigation, safeguarding natural resources, protecting the environment, detecting and interdicting drugs and individuals attempting to enter the United States illegally, and supporting the Nation's foreign policy objectives.

### CONCLUSION

The United States is a maritime nation. Foreign trade relies upon the safety and security of our Nation's ports and waterways. Coast Guard missions, authorities and capabilities are crucial to providing for that safety and security and preserving our national interests. We ensure the safe and secure flow of commerce, patrol our vast exclusive economic zone, fight maritime drug smuggling and human trafficking, provide the Nation's maritime first response force to both natural and manmade disasters, and protect our shores against transnational criminals, extremists, and others who seek to do us harm. We remain focused on protecting the United States as the strong maritime arm of the DHS. The Coast Guard's fiscal year 2014 budget request allocates resources to the highest priority initiatives to counter the most emergent threats, mitigate risks, and keep the maritime domain safe and secure. I request your full support for the funding requested for the Coast Guard in the President's fiscal year 2014 budget. Again, thank you for the opportunity to testify before you today. I am pleased to answer your questions.

### APPENDIX I—FISCAL YEAR 2014 BUDGET REQUEST

#### *Build Essential Coast Guard Capability for the Nation*

##### *Surface Assets: \$743.0 Million (0 full-time equivalent (FTE))*

The budget provides \$743.0 million for surface assets, including the following surface asset recapitalization and sustainment initiatives:

- National Security Cutter (NSC).*—Provides funding for the seventh NSC; NSCs will replace the aging fleet of high endurance cutters, first commissioned in 1967. The acquisition of NSC-7 is vital for performing DHS missions in the far off-shore regions, including the harsh operating environment of the Pacific Ocean, Bering Sea, and Arctic as well as providing for robust homeland security contingency response.

- Fast Response Cutter (FRC)*.—Provides production funding to procure two FRCs. These assets replace the aging fleet of 110-foot patrol boats, and provide the coastal capability to conduct search-and-rescue operations, enforce border security, interdict drugs, uphold immigration laws, prevent terrorism, and enhance resiliency to disasters.
- Offshore Patrol Cutter (OPC)*.—Supports continued initial acquisition work and design of the OPC. The OPC will replace the medium endurance cutter class to conduct missions on the high seas and coastal approaches.
- Polar Ice Breaker (WAGB)*.—Continues funding for pre-acquisition activities for a new Coast Guard polar icebreaker. This cutter will provide continued heavy icebreaking capability to the Nation for missions in the Arctic and Antarctic following the projected end of service life of the *Polar Star* on or about 2022.
- Cutter Boats*.—Provides continued funding for production of multi-mission cutter small boats that will be fielded on the Coast Guard's major cutter fleet beginning with the NSC.
- In-Service Vessel Sustainment*.—Continues to fund sustainment projects on 140-foot ice breaking tugs (WTGB), 225-foot seagoing buoy tenders, and the training barque *Eagle* (WIX).
- Survey and Design*.—Builds upon previous years to continue multi-year engineering and design work for multiple cutter classes in support of future sustainment and acquisition projects.

*Air Assets: \$28.0 Million (0 FTE)*

The budget provides \$28.0 million for the following air asset recapitalization or enhancement initiatives:

- HH-65*.—Continues modernization and sustainment of the Coast Guard's fleet of HH-65 helicopters, converting them to MH-65 Short Range Recovery (SRR) helicopters. The modernization effort includes reliability and sustainability improvements, where obsolete components are replaced with modernized subsystems, including an integrated cockpit and sensor suite.
- C-130H/J*.—Funds sustainment of avionics systems on existing C-130H aircraft. The avionics 1 upgrade (A1U) installations on C-130H aircraft enhances the capability of the C-130H fleet by replacing aging/obsolete equipment, and updating avionics to comply with Communications Navigation Surveillance/Air Traffic Management (CNS/ATM) requirements.

*Other (Asset Recapitalization): \$59.9 Million (0 FTE)*

The budget provides \$59.9 million for asset recapitalization, including the following equipment and services:

- Command, Control, Communications, Computers, Intelligence, Surveillance, and Reconnaissance (C4ISR)*.—Provides design, development, upgrades and assistance on C4ISR hardware and software of new and in service assets.
- CG-Logistics Information Management System*.—Continues development and deployment to Coast Guard operational assets and support facilities.
- Nationwide Automatic Identification System (NAIS)*.—Completes deployment of the permanent transceiver system to recapitalize the existing interim NAIS capability in 58 ports and 11 coastal areas.

*Shore Units and Aids to Navigation (ATON): \$5.0 Million (0 FTE)*

The budget provides \$5.0 million to recapitalize shore infrastructure for safe, functional, and modern facilities that support Coast Guard assets and personnel:

- Specific Project*.—Completes Phase One of Base Miami Beach waterfront facilities.
- ATON Infrastructure*.—Maintains transportation safety on Federal waterways through construction and improvements to short-range aids and infrastructure to improve the safety of maritime transportation.

*Personnel and Management: \$115.8 Million (818 FTE)*

The budget provides \$115.8 million to provide pay and benefits for the Coast Guard's acquisition workforce.

*Strengthen Resource and Operational Stewardship*

*Fiscal Year 2014 Major Decreases*

*Asset Decommissionings*.—In fiscal year 2014 the Coast Guard will make targeted operational reductions to prioritize frontline operational capacity and invest in critical recapitalization initiatives:

- High Endurance Cutter (WHEC) Decommissionings*: —\$14.2 Million (—184 FTE).—The fiscal year 2014 budget decommissions the fifth and sixth high en-

- durance cutters (WHECs). National security cutters, including the seventh NSC which is fully funded in this budget request, replace the aging HEC fleet.
- Cutter Shoreside Support Personnel Reduction: –\$0.8 Million (–10 FTE).*—Reduces WHEC Maintenance Augmentation Team (MAT) and Surface Forces Logistics Center (SFLC) billets associated with the decommissioning of two WHECs.
  - HU-25 Aircraft Retirements: –\$9.4 Million (–36 FTE).*—Retires the eight remaining HU-25 aircraft assigned to Coast Guard Air Station Corpus Christi, Texas; Aviation Logistics Center, Elizabeth City, North Carolina; and, Aviation Training Center, Mobile, Alabama. This will allow for the transition to HC-144A aircraft.
  - HC-130 Aircraft Retirements: –\$7.7 Million (–29 FTE).*—This initiative eliminates funding and personnel associated with two HC-130H aircraft. The newly acquired HC-130J aircraft will provide increased operational reliability.
  - Close Air Facilities: –\$5.1 Million (–28 FTE).*—The Coast Guard will close AIRFACs at Charleston, South Carolina, and Newport, Oregon. The search-and-rescue response times within the AIRFAC areas of responsibility will remain within national standards.
- Programmatic Reductions.*—The budget proposes targeted reductions in several base program areas. These base adjustments recognize changes in requirements need for selected activities and prioritizes sustainable investment in recapitalization programs:
- CG Headquarters Staffing: –\$6.7 Million (–53 FTE).*—Reflects the anticipated reduction in Coast Guard headquarters personnel as a result of the existing hiring freeze and normal workforce attrition.
  - Targeted Intelligence Program: –\$1.5 Million (–14 FTE).*—Scales intelligence activities across the Service by consolidating analysts at centers, Areas, and Districts; consolidating IT support positions at headquarters; and, eliminating the 24/7 call-in maritime watch at the El Paso Intelligence Center (EPIC) that provides services that will remain available through a different watch floor.
  - Port State Control Examinations: –\$1.7 Million (–20 FTE).*—Reduces port State control personnel by limiting examination activities aboard some foreign flagged vessels assessed as lower risk.
  - Coast Guard Training: –\$43.2 Million (–153 FTE).*—Leverages Web-based distance learning and reduces schoolhouse throughput. Specialty and technical training schools will group into centers of expertise to leverage available resources. Educational benefits will be focused on enlisted personnel who are pursuing an initial undergraduate degree. Reduces accessions and support staffs as well as operational and maintenance funds at the Coast Guard Academy, Leadership Development Center, and Officer Candidate School commensurate with anticipated reduction in out-year accession projections based on reduced workforce levels.
  - Other Targeted Program Reductions: –\$1.2 Million (–26 FTE).*—The Coast Guard will make targeted reductions to Auxiliary Program Management, the International Port Security Program, and District Drug and Alcohol Program Inspectors (DAPI). Routine DAPI functions will shift to Coast Guard marine inspectors and investigators.

#### *Sustain the Most Critical Frontline Operations*

##### *Pay and Allowances: \$43.9 Million (0 FTE)*

The budget provides \$43.9 million to fund the civilian pay raise and maintain parity of with DOD for military pay, allowances, and healthcare. As a branch of the Armed Forces of the United States, the Coast Guard is subject to the provisions of the National Defense Authorization Act, which include pay and personnel benefits for the military workforce.

##### *Operating and Maintenance Funds for New Assets: \$64.7 Million (213 FTE)*

The budget provides a total of \$64.7 million to fund operations and maintenance of shore facilities and cutters, boats, aircraft, and associated C4ISR subsystems delivered through acquisition efforts. Funding is requested for the following assets and systems:

- Shore Facilities.*—Funding for the operation and maintenance of shore facility projects scheduled for completion prior to fiscal year 2014.
- Response Boat-Medium.*—Funding for operation, maintenance and support of 30 RB-Ms as well as personnel for maintenance support requirements and instructors to support fleet training requirements.

- Rescue 21 (R21)*.—Funding for the support of the R21 system as well as maintenance of Coast Guard-leased and -owned towers, Western Rivers communications sites, and encrypted communications for over-the-air-re-key (OTAR).
- Fast Response Cutter (FRC)*.—Operating and maintenance funding for FRCs Nos. 10–12 and funding for personnel to operate and maintain hulls Nos. 11–12, homeported in Key West, Florida, as well as the first two San Juan, Puerto Rico hulls.
- National Security Cutter (NSC)*.—Operating and maintenance funding for NSC No. 4 to be homeported in Charleston, South Carolina. The initiative also provides personnel to operate NSCs Nos. 4–5.
- HC-144A MPA*.—Operating and maintenance and personnel funding to operate and support aircraft Nos. 16–17 that will be assigned to Air Station Corpus Christi, Texas. Also funds maintenance of the first 17 mission system pallets (MSPs)—the sensor package for each operational HC-144A.
- Manned Covert Surveillance Aircraft (MCSA)*.—Operating, maintenance and personnel funding to operate and support the first aircraft which is planned to operate out of Miami, Florida, and provide an additional 1,000 hours of maritime surveillance capacity.
- Air Station Corpus Christi Transition*.—Provides funding for the transition from operating HU-25 aircraft to operation of HC-144A aircraft.

*Financial Systems Modernization: \$29.5 Million (0 FTE)*

Provides funding to support the Financial Management Service Improvement Initiative (FMSII) for Coast Guard and Transportation Security Administration (TSA). This initiative will plan, prepare, configure, test, and migrate the Coast Guard's and TSA's financial management system (FMS) including the financial, contract, and asset accountability management systems to a shared service provider (SSP).

#### SEXUAL ASSAULTS

Senator LANDRIEU. Thank you, Admiral. Let me begin where you began, because it is very troubling to many of us in the Senate and House who have been following story after story about the sexual assaults happening within the Department of Defense (DOD). Let me start with a question on this, and then we will go to the budget.

The Coast Guard reported 141 incidents of sexual assaults in 2012. The number was up from 83 in 2011 and 75 in 2010. That is clear. What is not clear is how many assaults in the Coast Guard go unreported, which unfortunately may happen due to the fears and consequences of coming forward. Other military branches track and file reports and survey their workforce. Last week we learned that 26,000 people within DOD said they were sexually assaulted, but only 3,374 filed complaints.

My understanding is the Coast Guard does not survey its workforce for anonymous claims. I can understand the pros and cons of that but given the really troubling statistics and horrifying stories that are coming out, do you plan to track the claims the same way, or are you giving some thought to opening up opportunities for people to respond anonymously? They obviously seem to be afraid to come forward. This could help get a fuller picture of what's happening within the Coast Guard. While none of this is acceptable, but as you have reviewed this, do you think that the Coast Guard is on par with other military branches in terms of support personnel, training and education programs? Do you have an active victim support network? If you would just take 2 or 3 minutes or longer if you need to answer, and then we'll go to the budget. We may end up having a special hearing on this.

Admiral PAPP. Thank you, Madam Chairman. I appreciate the opportunity to speak about it because this is deeply personal to me. Things like this were personal to me even before I became a coast-

guardsman. My father placed in my DNA the duty to protect people. So you can imagine how frustrating it is to know that people within my Coast Guard are being harmed or hurt and feel like they have no way to be able to respond.

The increase in numbers to 141 this year, I'll start by saying that one is too many. But anecdotal information leads me to conclude that by me talking about it for nearly 2 years now, by going out there and talking to my leaders and talking to the deck plate as well, people are coming forward and reporting who would not have before.

I have spoken to young people within the service. I've spoken to senior people who had experienced sexual assault early in their career. They all indicate a more willingness and trust to come forward now. I choose to interpret that as a good thing, that they are coming forward and reporting, and I think that shows an increase in the numbers.

Plus, we have a strategic plan, and we have put a lot of effort with our senior leadership to push training out throughout the service. We have now designated 18 collateral duty sexual response coordinators throughout the Coast Guard, and we have a network of 500 volunteer victim advocates who are receiving formal training and are out there.

I spoke to a young woman yesterday who is a victim advocate who is stationed in St. Louis, and she went on and praised the program, the training she received and how it has improved her ability to talk to people. In fact, in her particular case, she is dealing with men-on-men situations in terms of sexual assault.

So once again, we are learning more, because I think we have invested more.

In comparison to the other services, I have spoken to the other four service chiefs, and not only the Department of Defense but also the individual services have surveys that they do. I am interested in this. There are pros and cons to a survey, but as far as I am concerned, any measure that you have that would indicate trends is going to be useful for us as we take on the situation.

So we are further studying whether we are going to put a survey into effect for the Coast Guard. I am inclined to do that. We are also looking now at how we might get more full-time people, if the budget allows, to commit them as full-time sexual response coordinators instead of making that a collateral duty assignment across the Coast Guard.

#### CAPITAL INVESTMENT PLAN

Senator LANDRIEU. I am going to follow up later with some questions along this line, and I appreciate your frankness and opening your statement with your commitment to address what is a very serious and troubling situation.

But let me shift to a question on the budget. The \$1 billion Capital Investment Plan is, in my view, wholly inadequate to replace the old and unreliable assets of the Coast Guard. Please be frank and describe the impact this plan will have on Coast Guard operations as compared to the \$2.5 billion you indicated that you would like to have. Now, we can't have everything we want, but \$2.5 billion to maintain the fleet, to accomplish or at least try to meet the

targets in the mission, is far different than \$950 million. How is this going to impact Coast Guard operations?

Admiral PAPP. Madam Chairman, \$500 million, a half a billion dollars, is real money for the Coast Guard. So clearly, we had \$1.5 billion in the 2013 budget. It doesn't get everything I would like, but it gave us a good start, and it sustained a number of projects that are very important to us. When we go down to the \$1 billion level this year, it gets my highest priorities in there, but we have to either terminate or reduce to minimum order quantities for all the other projects that we have going.

If we're going to stay with our program of record, things that have been documented that we need for our service, we are going to have to just stretch everything out to the right. And when we do that, you cannot order in economic order quantities. It defers the purchase. Ship builders, aircraft companies, they have to figure in their costs, and it inevitably raises the cost when you are ordering them in smaller quantities and pushing it off to the right, plus it almost creates a death spiral for the Coast Guard because we are forced to sustain older assets, older ships and older aircraft, which ultimately cost us more money. So it eats into our operating funds as well, as we try to sustain these older things.

So we'll do the best we can within the budget, and the Secretary and the President have addressed my highest priorities. We'll just continue to go on an annual basis seeing what we can wedge into the budget to keep the other projects going.

#### FAST RESPONSE CUTTERS

Senator LANDRIEU. My last question, and then I will turn to my colleagues and then come back for a second round. On the fast response cutters, we are very proud that they are built in Louisiana. I'd like to take credit for that, but it happened before I was chairman of the subcommittee, and it was a competitive bid that was won, a public bid to build these ships. Last year we put six FRCs in the budget. We are going to save \$30 million because of that rate of building once the line is open, to build it efficiently and have the same crew there.

With this budget, we potentially could lose the \$30 million in savings, which is very troubling. My question is, will you award a contract for the six we funded in 2013, as intended, and is it correct that you will achieve \$30 million in savings by awarding the contract for six boats at a time?

Admiral PAPP. Well, I have a couple of alternatives, Madam Chairman. The first option is to award those six in fiscal year 2013, which was our original intent, and then renegotiate with the shipyard to see if we can go to a minimal quantity of two for fiscal year 2014. We are at that point now where we can renegotiate. The fact of the matter is that renegotiating to build only two per year will increase the price. Our estimate is probably anywhere between \$10 million and \$20 million per ship more when we go down to only two, plus it pushes out the replacement program to 18 years to get all those boats built. We will be having to put the first one through a mid-life renovation before the last one is constructed. So that is just the realities of what we are confronted with.

The other option is to try to balance out four per year, and I understand that is a little unfair to the shipbuilder because they gear up, they bring people on board, they invest in their infrastructure on the basis of the prediction of six per year. As I've said in the past, we think if we build six per year, our estimate is we get at least \$30 million in cost avoidance.

I wanted to make sure that I was very clear and understood that, and I've had my people go back and take a look. I really think it is more than \$30 million per year, but we start getting into competition-sensitive information and things like that when we get any more detailed than that. But it is clear that when you use the economic order quantity, you will get those savings.

Senator LANDRIEU. Thank you.

Senator Cochran.

#### NATIONAL SECURITY CUTTER

Senator COCHRAN. Thank you very much for your leadership of the Coast Guard and your cooperation with our subcommittee as we review the budget request for the next fiscal year.

Like other shipbuilding accounts, we look ahead at long lead time material purchases and other necessary preparation for actually submitting requests for construction funding, and I was going to ask you about the budget request. As I understand it, it does provide for full funding for national security cutter No. 7, and it also projects funding for the eighth cutter in next year's request.

Are these current projections, or have they been affected in any way with changes in the economic situation or the budget uncertainties? What do you see the future over the next few years being for the funding request for these construction projects?

Admiral PAPP. Senator, I am very confident and optimistic on the funding for the national security cutter, and I think the national security cutter serves as a perfect example of what I've been talking about in terms of a mature project that only needs predictable funding and then the time to get it done.

Because it is a mature project, we are not making any changes. It is a stable project. All the shipbuilder needs is now a constant source of funding. Last year I was here explaining why Nos. 7 and 8 were not in the projection. So I feel much better being here saying that No. 7 is in the budget and that No. 8 is predicted for next year, that is, the full funding for No. 8 is in the next year's budget, which takes a large chunk out of that predicted \$1 billion that we would have in acquisition funds.

The wisdom, I think, of having long lead materials is demonstrated, though, this year. We had long lead materials for No. 7 in the fiscal year 2012 budget. We were able to take that \$30 million in cost avoidance, and we actually worked that into our computations when we produced the 2014 budget and the level that we asked for to do the construction on No. 7. So that is validation that long lead materials works, but I will take the money for the ship whatever way I can get it, and right now it sits with the full funding in next year's budget.

## OFFSHORE PATROL CUTTERS

Senator COCHRAN. As you are looking to the future, I know that there has been consideration of an acquisition budget that would involve upkeep, modernization, and ongoing national security fabrication, which also employs people. I was told that 1,200 people in Pascagoula, Mississippi, are employed now for fabrication activities.

What other projections can you let us know about that we need to work into the budget if the subcommittee approves this for a new class of ships called the offshore patrol cutters? Is that still in the plan, to replace the medium endurance cutters with the offshore patrol cutters?

Admiral PAPP. Yes, Senator. Absolutely. The first ships that will be replaced are 210-foot medium endurance cutters. There are 14 of them right now. They are all nearly 50 years of age. In fact, the *Dauntless*, which is one of those ships, just had to be put in the shipyard because the hull has wasted through and the framing has wasted through, and we are putting it up in the shipyard for emergency availability to do steel repair on that ship just to keep her functional and safe for the crew who has to deploy in it.

So these ships are well past their time and need to be replaced. We are pressing along with the offshore patrol cutter, and we are on schedule with that. We are in the process now of down-selecting to three competitors for the replacement ship. Next year we will down-select that. Actually, in the fiscal year 2016 budget, we will down-select to one after we have evaluated the three candidates, and then start construction in fiscal year 2016 on the lead ship of that class.

The challenge, not necessarily for me but for whoever relieves me, will be how do we fit that ship into the acquisition budget as we go forward. The original plan was to build two of those per year. We are projected to start building two per year in 2020. We are going to be hard-pressed to be able to fit those in at the current acquisition top-line level and do anything else within the Coast Guard. So we may be forced to do only one per year, which then increases the unit cost on each single ship and, once again, pushes that out for probably about 25 years or so. Once again, the lead ship would probably be in the position of having to go through a midlife before the last ship of the class is produced.

So it is the same rule of thumb for each and every one of these projects. If we are going to maintain the program of record, everything is going to get pushed to the right and we will just have to build them more slowly and probably at increased cost.

## ACQUISITION PROJECTS

Senator COCHRAN. In looking at what the Coast Guard has already received for recapitalizing the aging ships and other aircraft, boats, and shore facilities, in fiscal year 2013 you received \$1.4 billion for this account, and the fiscal year 2014 budget requests only \$951 million, of which \$616 million, we are told, is for the seventh national security cutter. Are you on track, do you think, to acquire these additional cutters over the term that you project, as well as



other long-term acquisition priorities of aircraft, as you also plan for?

Admiral PAPP. Senator, my job is to look at the annual budget cycle and work our way through that on a year-by-year basis. But I am also obligated as the Commandant to look out 10, 20, 30 years to try and determine what the Coast Guard is going to need to conduct its missions. So I am focused on what we need, and we have a program of record. The challenge is, like any acquisition project, having stable requirements and then getting a steady funding stream.

The national security cutter is there. It is a stable project, and now at least we have a predictable funding stream. That keeps us at a reasonable price for the ship. As I mentioned during my opening comments, in our negotiations for hull No. 6, it is coming in basically at the same price as No. 5 and No. 4 because it is a stable contract. The shipbuilder now has a prediction that not only are they going to get No. 6 but the President put the money in for No. 7, and the 5-year plan now predicts that No. 8 will be in there.

That's the way things should work, a stable project with predictable funding. We have a lot of companies right now that have put proposals in for the offshore patrol cutter. I don't know how many because that is acquisition sensitive, but I am led to believe that there is anywhere between eight and a dozen companies that are competing for the ship. We are going to pick three very good candidates and then down-select to one 2 years from now, and all that it will need is a steady funding stream to get that project going at a reasonable price for the Government.

I am becoming concerned that we may not be able to fit that in within the top line if we continue at these levels for the next 5 to 10 years or so.

Senator COCHRAN. Well, we thank you for your leadership and your service and helping protect our Nation and our citizens. Thank you.

Admiral PAPP. Thank you, Senator.

Senator LANDRIEU. Senator Moran.

#### FUTURE OF THE COAST GUARD

Senator MORAN. Chairman Landrieu, thank you.

Admiral, while I indicated in my brief opening comments that we are landlocked, we very much appreciate the pay and personnel center located in Topeka, Kansas. So we do have a Coast Guard presence in our State, and we are very grateful for that.

I just wanted to follow up on your answer to Senator Cochran's question. You indicated that you are looking, as the Commandant, for a number of years into the future. How do you see the Coast Guard different in the 10- or 20-year focus that you are now viewing?

Admiral PAPP. Sir, I am a student of history, and I have gone back to the beginnings of the service, why it was created. Alexander Hamilton, the first Secretary of the Treasury, created this maritime, law enforcement, security force. It's all because this country depended then and depends now on maritime trade for its prosperity. This country will not survive long if you don't have safe and secure sea lanes coming into safe and secure ports. The Coast

Guard provides maritime governance. It provides aids to navigation. It provides security in the waters. It provides law enforcement. And those things will continue into the future. They have been the principles and the missions that our service has done for 223 years, and I anticipate very similar things happening over the next 30, 40, and 50 years.

What will change is the technology, and that is what we are in the process of doing right now. My vision has to be what technology, what assets do we need to be doing those duties 10, 20, and 30 years from now. Right now, we are doing them with technology that was created in the 1950s. Our high endurance cutters and our medium endurance cutters were built during the 1960s, which means they are using 1950s technology for propulsion and for many of the systems that are on board, and they are just plain wearing out.

So the way the Coast Guard will be different is we will have better technology, better ships, better aircraft that requires fewer people to operate, and expands through sensors and communications gear and command-and-control capabilities. Broader communication not only within the Coast Guard but through the interagency, through the Department of Defense, makes us more effective.

Maritime trade has increased. From the time I was born in the early 1950s to now, our population has grown by about—I forget how much it has increased, but 40 percent of the population lives near the shore or within coastal counties, and they are near the water. And all of our ports, 95 percent of our trade comes in through the ports.

So the missions and the things that we do will not change much. How we do them, the tools we use to accomplish them, and the quality of our people will be the thing that will change.

Senator MORAN. Admiral, thank you for your answer. You also reminded me of another Kansas connection to the Coast Guard, which is that we export a lot, and those sea lanes are very valuable and important to our economy. I just would conclude by thanking you for your service.

Admiral PAPP. Thank you, sir, and I did go out for the 25th anniversary to Topeka and spoke out there when they had the ceremony.

Senator MORAN. I knew you were there, and I appreciate that very much.

Admiral PAPP. Yes, sir.

Senator LANDRIEU. Senator, thank you for mentioning that. You will have to come to New Orleans or to the Mississippi coast and see all that grain coming out of Kansas at the mouth of the Mississippi River and what the Coast Guard does to get those barges in and out of that river, particularly at a high time like this. The river is very high, not flooding in our part, but it is very, very high, and it is amazing work that our pilots do to navigate the barges that come down river.

Senator MORAN. If we can get some rain, we will be glad to ship our wheat.

## POLAR ICEBREAKERS

Senator LANDRIEU. Well, I don't know if this subcommittee can do anything about that, but we would be happy to accommodate you for a visit any time.

I have three additional questions on polar icebreakers. Our Senators from Alaska are not here, and they normally are. They both have been very, very supportive of the polar icebreaker, and Senator Murkowski, I believe, is, as we speak, at an Arctic conference and I think is representing the members of the Senate. She has been particularly, along with Senator Begich, a very excellent leader.

It is very concerning to me, and we don't have much ice in Louisiana, but we don't need to have ice to realize how important the Arctic is for our Nation. I just do not understand why this administration's budget seemingly is preparing in just the most modest way for the building of a new icebreaker. The polar icebreaker *Healy* was actually built in Louisiana. Again, we are happy and proud of the work, to have had that work. But other nations, I understand, have several icebreakers—Norway, China, Russia.

Do you know how many icebreakers other nations have already operating in this area of the world? Our plan calls for a minimum of three. How do you explain this budget, and what are your views about how we're going to have the ships that we need based on the budget that we have before us?

Admiral PAPP. Well, Madam Chairman, as the service chief, I am always looking for—I would love to get whatever I can, and I would love to get more tools for my people. But actually this is one that—compared to 3 years ago, when I became Commandant, we were in dire straits. Before this subcommittee and others, I laid out a plan on how I was going to attempt to get us back to be able to take care of our minimal requirements in the Arctic. I thought they were stretch goals at the time, so perhaps I should have set my goals a little bit higher.

But the first thing was to keep *Healy* running, our medium icebreaker. The second was to get the operating funds for the icebreakers back in the Coast Guard's budget so we could operate them. And then third was to get *Polar Star* reactivated and have the funding and the operating funds to get *Polar Star* back in service.

All three of those have been accomplished. *Healy* is running fine. We have the operating funds back in our budget. And *Polar Star* is now reactivated and has been out for operational trials. We are going to send *Polar Star* up to the Arctic to start rebuilding the proficiency of our people in icebreaking in preparation for sending it down to Antarctica to break up McMurdo in February 2014.

So all three things that I set out have been accomplished. I set one stretch goal, and that was to begin the construction of a new icebreaker. I didn't think I would get that, but the President has put money in the budget to start that process, and we are working now on the preliminary requirements document going across the interagency and pressing ahead.

There was a question in other hearings I have been in about the minimal amount of money that is in the 2014 budget. That is sim-

ply because we got the money to begin this so late in the 2013 budget that we made some reasonable decisions, based upon the availability of acquisition funding, to only ask for what we needed for 2014 to keep the project going.

Senator LANDRIEU. But how much does an icebreaker cost, approximately?

Admiral PAPP. My estimate is somewhere between \$800 million and \$1 billion.

Senator LANDRIEU. How much is in the whole capital budget for this year?

Admiral PAPP. In the entire capital budget?

Senator LANDRIEU. In this budget, in the President's budget for this year. Is it \$900 million, \$950 million?

Admiral PAPP. No—

Senator LANDRIEU. It's \$951 million.

Admiral PAPP. Oh, if you look out across, yes.

#### BORDER SECURITY

Senator LANDRIEU. Yes. We are laying the groundwork, which is good. I want to tell the members of our subcommittee to think about the possibility of building an icebreaker. But in order to accommodate that, we would have to use the entire capital budget to build the icebreaker, somewhere between \$800 million and \$900 million. That would eliminate all other capital projects in this budget, and the budget is not even including some of the projects, Senator Cochran, just discussed with you. The offshore patrol cutter is not in this budget. The required number of fast response cutters are not in this budget. Aviation assets are not in this budget, and there are some housing deficiencies that I'm going to come to in a minute.

But for the record, Admiral, I would like you to just submit in writing a complete list of the options that are at your disposal to obtain a polar icebreaker, including building one from scratch here domestically, using a parent craft design perhaps one built by a foreign partner, or leasing. Those are the three that come to mind. If there is a fourth option that you are aware of, please include it and provide for this subcommittee within a couple of weeks the pros and cons of each, because our subcommittee is going to be focused on actually how to get this done, and I am really unsure at this point.

[The information follows:]

Answer. The most recent analysis, which included options such as building a new icebreaker, leasing of currently available platforms, and build-to-lease alternatives, was thoroughly examined in the Polar Icebreaker Replacement Business Case Analysis (BCA) which was delivered to Congress on 02 November 2011. However, there are currently no U.S.-built icebreakers available for lease that are capable of operating in the Arctic.

The BCA determined that the most cost-effective path forward was to maintain current icebreaking capability, which now includes the recently reactivated *Polar Star*, and to build a new icebreaker. The Coast Guard has initiated pre-acquisition activities for the construction of a new icebreaker using the funding appropriated in fiscal year 2013.

Senator LANDRIEU. Let me ask you something about border security, because this concerns me and I would really like the subcommittee member's thoughts on this. You know, we are spending

an awful lot of time up here talking about securing our land borders between Mexico, California, Arizona, Texas, et cetera, and we plan to pass a comprehensive immigration bill that spends billions of dollars improving the fencing that our subcommittee has supported, the smart fencing using technology, unmanned vehicles, drones, et cetera, to secure our border, new technology pressing out.

I want to hear from you today about how you think this focus on securing our land borders is going to have on potentially pushing some illegal activity into the maritime space, which would be very concerning to those of us that have a coast, like Senator Cochran and myself, Florida, and Texas. Do you have an estimate of what could potentially happen? Are there any studies guiding you in how you are thinking about deploying your maritime assets over the next few years based on what Congress seems about ready to do?

Admiral PAPP. Yes, ma'am. A couple of things to look at here. What we are concerned about mostly in terms of border issues are illegal migrants and drugs. There are smaller things, whether it is weapons, cash, other things. Most of them are related, though, to human trafficking and drugs. Those are the two major issues.

Right now I think the Coast Guard and our partners are doing pretty good in the maritime in terms of migrants. We watch this very carefully. We are particularly concerned in the Florida Straits, the Caribbean side going toward Florida, about Cubans, Haitians, Dominicans, and in routes through the Bahamas. We provide a good deterrent value out there. We provide a deterrent value because we have major cutters out there that interdict people and do direct repatriations. That has a great deterrent value that has shown our numbers continuously going down now because of our presence out there.

I am concerned, though, that through sequestration or the limited budgets that we are facing, that it is narrowing down the number of ships that we can keep out there on station as that deterrent value. If people start thinking they can make their way through, migration increases. We are not seeing a lot of migration on the Pacific side, the border between California and Mexico. What we are seeing is an increase in drugs, particularly marijuana being transported through that vector, because the border has tightened down.

So it is clear and there is plenty of evidence that will tell us that, as you clamp down on the land border, it is like a balloon. You squeeze it, and it will go out around the edges. We are seeing increased incursions on the Gulf of Mexico side, between Mexico and Texas, and we are seeing an increase in the trafficking of drugs. As we have addressed that close to the border between Mexico and California, we are finding that they are going further out to sea and going further north in California, and we will continue to address that as well.

It is not just a Coast Guard issue. It is a Department of Homeland Security issue, and Customs and Border Protection has been working with us. We have a task force in San Diego, and we are making a good dent in that, I believe. But, once again, as you increase the pressure on the border, it will go out to the maritime

route, which is more challenging because there is a lot more area out there. My concern is, once again, we have had to cut back on operating hours because of sequestration. There are fewer boats, fewer aircraft out there.

The other place where you want to forward deploy is to the eastern Pacific and the deep Caribbean off of Columbia to try and cut down the transit zones, the incursions of cocaine, which goes up into Central America and then is broken down into Mexico, which destabilizes Mexico, feeds the cartels, and then makes its way across the border.

The entire law enforcement organization of the lower 48 States only comes up with about 40 tons of cocaine each year, interdicted at the border or in our cities. We have been interdicting over 100 tons in the transit zone before it even gets into Central America and into Mexico to be broken down into smaller loads to get into our country. Right now, we have the lowest number of ships in the transit zone, in the east pack and the deep Caribbean, that I have ever seen in my career, and most of that is due to a reduction in operating funds that we are experiencing right now.

#### HOUSING

Senator LANDRIEU. Well, this is very concerning. I have one more question, and then I will turn it over to my colleagues.

The issue of housing has been something that you and your wife, Linda, have really focused on for your people, and I appreciate that. You obviously have comfortable accommodations. I have been there, and thank you for your hospitality. But in many places, not just Kodiak, Alaska, where I got a chance to visit, but in other places, the Coast Guard bases are very remotely situated. I think it is important for us, when we ask people to serve, to be able to give them not luxury but something very comfortable and safe in some of these areas.

There is a limited need for new sites in remote locations. You just had a study confirming that affordable housing is in short supply. The good news is there were 43 sites that were in poor condition and there might be places where the Coast Guard can be accommodated in local housing. But what are we doing about these remote sites, and is there any money in this budget to do that?

Admiral PAPP. There is no money in this budget. There is maintenance money, so let's look at two things. There is a need in certain areas for new construction, like you saw in Kodiak, and I have to thank the subcommittee for the \$10 million that was put in the 2013 budget. It is going to a good cause. We are devoting that to the housing shortfall in Kodiak, and as more funds become available, we will complete that project. But for this year we have maintenance funds that are in there, and we will continue our projects where we are upgrading the homes that we already own.

My primary focus has been on our overseas housing. We have made that mandatory for my people. But before we made it mandatory, we made sure that we were upgrading them to a condition that I would be proud to have them stay in. So places like Bayamon in San Juan, Puerto Rico, or Air Station Brank in Kodiak, these are places where we don't have much choice. There is not much in the community, and we are requiring our people to live in

them, so we have spent maintenance money to upgrade them and get them in shape. Kodiak, of course, needs new construction, which we can only do with our acquisition money.

We have a prioritized list of other locations, and as money becomes available for new construction in those areas, we will do it. Meanwhile, we have identified those that are beyond repair and those that are in areas where there is ample housing in the community that they can spend their housing money on, and we are going to devote our scarce resources to the highest priority areas.

Senator LANDRIEU. Thank you. If you would submit those details to this subcommittee, we would appreciate it.

[The information follows:]

Answer. The Coast Guard addresses and prioritizes the projects on the shore acquisitions, construction, and improvement (AC&I) backlog each year while balancing the shore AC&I requirements with other competing fiscal priorities.

Additionally, the Coast Guard performs an annual review of military housing projects and updates housing priorities as part of the 5-year Capital Investment Plan. The Coast Guard's intent is to address military housing priorities utilizing the Housing Special Funds Authority derived from the sale of Coast Guard real property assets.

The following list of projects shows the Coast Guard's highest priority of new construction and repairs of family housing throughout the United States.

#### PRIORITIZED FAMILY AND UNACCOMPANIED PERSONNEL HOUSING BACKLOG

(Dollars in thousands)

Location	Project description	Estimated project cost
Air Station Kodiak, AK .....	Construct Family Housing .....	9,039
Station Jonesport, ME .....	Recapitalize Family Housing .....	4,000
Station South Padre Island, TX .....	Construct Family Housing .....	6,000
Sector Columbia River, OR .....	Construct Unaccompanied Personnel Housing .....	11,000
Upper Keys, FL .....	Construct Upper Keys Family Housing Phase II .....	3,500
Sector Columbia River, OR .....	Greater Astoria Family Housing Phase II .....	6,000
Air Station Cape Cod, MA .....	Renovate Unaccompanied Personnel Housing Phase II .....	8,000
Aviation Training Center Mobile, AL .....	Recapitalize Unaccompanied Personnel Housing .....	7,000
Training Center Petaluma, CA .....	Recapitalize Housing .....	41,000
Sector Columbia River, OR .....	Construct Housing in Greater Astoria, Phase III .....	10,000
Prioritized Housing Backlog Total .....		105,539

Senator LANDRIEU. Senator Cochran, any further questions?

Senator COCHRAN. I have no further questions, Madam Chairman.

Senator LANDRIEU. Senator Moran.

#### CONSEQUENCES OF SEQUESTRATION

Senator MORAN. Admiral, this is a question that could be asked of any agency head. You mentioned in your testimony about fewer boats and fewer hours due to sequestration. I didn't vote for sequestration, so this is not in defense of sequestration, but how does the number of hours and your number of boats compare to 1 year ago, 2 years ago? Every agency head tells us about the dire consequences of sequestration. At least the allegation is made that sequestration returns us to the levels of spending prior to the stimulus spending. I don't know whether you received any stimulus money or not at the Coast Guard, but I am trying to just get an

understanding of what the consequence of sequestration is as compared to what it was just several years ago.

So you say fewer boats, fewer hours. Is that less than it would have been 2 years ago?

Admiral PAPP. Absolutely. Yes, Sir. We are very fortunate that military pay counts are off limits in sequestration. So the military workforce of the Coast Guard is there and ready to go. A lot of our benefits, things like tuition assistance and bonuses and other things that we might like to give out are being curtailed, but at least they have their base pay, and we are keeping them employed.

Our civilians, we have 8,000 civilians, but part and parcel they are integrated with our military workforce. For instance, they sit side-by-side in command centers. We rely upon them for acquisition expertise and other staffs throughout the Coast Guard.

So whereas some people took savings because their pay accounts were subject to sequester, I could not do that. They are part of the team, and we need them on board. We need the capacity of our workforce so that when we face things like Hurricane Sandy or an oil spill or some other major disaster, we have the whole team ready to go. So my first goal was to maintain our capacity to be able to respond.

Then we set priorities on missions. Search and rescue, we are never going to cut back there. And certainly the security of our ports, we're not going to cut back there. So then that sort of limits you down to a small area of things that you have to accrue 25 percent of our savings, and what we looked at was reducing our other operations by 25 percent.

Senator MORAN. And that is the number of boats and hours, when you say other operations?

Admiral PAPP. Number of boats, aircraft, and hours. That is sort of an insidious effect because you don't see it immediately. You don't see the cocaine that is not being interdicted in the transit zone until it shows up on the streets and starts becoming less expensive because the supply is greater in the States now. That will take time for it to work its way through the system.

Fisheries, we are spending less time on fisheries, more incursions by foreign fishing fleets. And once again, it is insidious. They know that we maintain our fish stocks, and people are out there trying to get to our fish stocks. That is going to have a long-term effect.

Other things like aids to navigation, all these things in the short term aren't going to be so apparent, but in the long term, as this continues, we start suffering more failures or there are more maritime accidents. So you're not going to see the immediate effect. All I can do is tell you about what I think the long-term effects will be.

Senator MORAN. And let me see if I can summarize, and this may not be exactly what you want to say. The sequestration has a consequence today, but it's not dramatic, but it's over time, over a longer period of time in which the cumulative effect of sequestration occurs that has the significance and the change in your method of operation?

Admiral PAPP. Sir, that is absolutely right. But once again, I am only speaking for the United States Coast Guard and how we are dealing with sequestration. So our highest priority things, if some-



one sinks out there, they are going to see no change in terms of our performance because we will be out there. We maintain that capability and capacity. But it is the other things that are perhaps further offshore that the general American public doesn't see on a daily basis that is going to have the effect.

Senator MORAN. It's one of the reasons I asked the question, is because every agency seems to have a different consequence in regard to this issue.

Chair, thank you very much.

Senator LANDRIEU. Thank you, Senator.

We will just submit for the record the testimony of the Coast Guard estimating a 50-percent cut to ship hours and 33-percent cut in air assets due to the sequestration, and the cumulative effect over years.

[The information was provided within the appendix section of Admiral Papp's prepared statement on pages 9–12.]

Senator LANDRIEU. Thank you, Admiral Papp, for your testimony. This is going to be a very challenging year. I am committed to doing what I can to make sure that you and the Coast Guard have the resources you need to carry out the missions we have asked you to do.

#### ADDITIONAL COMMITTEE QUESTIONS

We will keep the record open for 1 week. Questions should be submitted to the subcommittee by close of business Tuesday, May 21, and I'm going to submit two additional questions, one about the portal for technology and using new technology that is on the shelf today and being designed as we speak to accomplish some of the missions at a lower cost to the taxpayer. We are using basically manpower, woman power, ships and detection technologies. There might be unmanned opportunities. There could be other technologies that could be brought to bear, and I would like to understand a little bit more about the portal small businesses and high-tech companies have to the Coast Guard. And then, of course, we will get the questions answered about the polar icebreaker.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

#### QUESTIONS SUBMITTED BY SENATOR MARY L. LANDRIEU

##### CAPITAL INVESTMENT PLAN

*Question.* The 2014 Capital Investment Plan (CIP) indicates that the U.S. Coast Guard (USCG) is working with the Department of Homeland Security (DHS) to conduct a portfolio review that will aid in achieving the Coast Guard's mission needs in a balanced funding manner.

Please describe what the portfolio review in more detail, including the full schedule for the review, and the expected outcomes?

*Answer.* DHS will conduct a comprehensive portfolio review in 2013 that will help develop revised acquisition program baselines (APBs) to reflect acquisition priorities and operational requirements achievable within the funding projections contained in the 2014 CIP report. The review will incorporate performance analyses using a variety of approaches (e.g., campaign-level modeling tool, such as that used for the recent cost-constrained DHS cutter study) to address the full spectrum of USCG assets (surface, air and shore). The performance analysis will identify an acquisition portfolio that optimizes mission performance within the resource constraints identified.

## POLAR ICEBREAKERS

*Question.* The fiscal year 2014 budget request includes \$2 million “to continue survey and design activities for a new polar icebreaker.” According to information provided by your staff, construction of the new icebreaker will not be completed until 2024 and won’t be fully ready for operations until 2026 or 2027.

Please describe why it will take nearly 13 years to have a fully operational vessel and how you plan to fill the operational gap after the *Polar Star* reaches the end of its service life.

Is it a matter of available funding, or are there other challenges the Coast Guard faces in building a new icebreaker, including the industrial supplier base and requirements from other agencies that wish to utilize the vessel, such as the National Science Foundation?

Provide the committee with a complete list of options at the Coast Guard’s disposal to obtain a polar icebreaker, including: (1) building an icebreaker from scratch; (2) using a parent-craft design, perhaps one built by a foreign partner; or (3) leasing. For each option, please provide the pros and cons if it were to be pursued as well as cost and delivery schedule.

*Answer.* The polar icebreaker replacement is still in the pre-acquisition phases, and as such a detailed acquisition strategy has not yet been developed. However, funding provided in fiscal year 2013 coupled with the \$2 million requested in fiscal year 2014 is sufficient to enable the Coast Guard to complete the required pre-acquisition activities, and the Department anticipates delivering an operational ship within a decade after this work is complete coinciding with the end of *Polar Star*’s anticipated service life.

## OFFSHORE PATROL CUTTER

*Question.* The Coast Guard plans to build 25 offshore patrol cutters (OPC) to replace its medium endurance fleet of cutters that are technologically obsolete and poorly suited for performing deepwater missions. It is estimated that the total acquisition cost of 25 cutters will exceed \$10 billion. The Coast Guard plans to award design contracts for the OPC this year, downselect to one shipyard in fiscal year 2016, and have the lead ship commissioned in 2020. Multi-year procurement (MYP) authority provides the potential for significant cost savings in the acquisition of major vessels by using a single contract to buy multiple ships over a number of years. Savings are achieved because the shipyard has more certainty in funding, which allows for efficiencies in planning, a steady workforce, and lower overhead costs.

What are the pros and cons of multi-year procurement authority with regard to the OPC procurement?

*Answer.* In order to qualify for multi-year procurement authority in accordance with 10 U.S.C. 2306(b) a program must meet several criteria, including the following:

- Substantial Savings.*—The program must estimate that using an MYP contract would result in “substantial savings” compared with using annual contracting.
- Realistic Cost Estimates.*—The program’s estimates of the cost of the MYP contract and the anticipated savings must be realistic.
- Stable Need for the Items.*—The program must expect that its minimum need for the items will remain substantially unchanged during the contract in terms of production rate, procurement rate, and total quantities.
- Stable Design for the Items.*—The design for the items to be acquired must be stable, and the technical risks associated with the items must not be excessive.
- Sufficient Prior Deliveries To Determine Whether Estimated Unit Costs Are Realistic.*—A sufficient number of the type of item to be acquired under the proposed MYP contract must have been delivered under previous contracts at or within the most current estimates of the program acquisition unit cost or procurement unit cost to determine whether current estimates of such unit costs are realistic.
- No Nunn-McCurdy Critical Cost Growth Breaches Within the Last 5 Years.*—The system being proposed for an MYP contract must not have experienced within 5 years of the anticipated award date of the MYP contract a critical cost growth breach as defined under the Nunn-McCurdy Act (10 U.S.C. 2433).
- Fixed-Price Type Contract.*—The proposed MYP contract must be a fixed-price type contract.

If annual funding were not available the Coast Guard would be required to renegotiate, suspend, or terminate the contract. Terminating the contract could require the government to pay a cancellation penalty to the contractor. Renegotiating or suspending the contract could also have a financial impact. Therefore, a principal potential disadvantage of using MYP is that it can reduce the flexibility for making

changes (especially reductions) in procurement programs in future years without incurring cancellation penalties.

#### TECHNOLOGY TRANSFER

*Question.* I have heard from many technology companies and entrepreneurs that they apparently have no clear path to bring innovative technologies they are developing—or have even developed already—to the attention of DHS decisionmakers. I am very concerned that creative, cost-effective security and other technologies are being missed by DHS procurement officials for the Coast Guard and other components.

Who makes the decision about which technologies the Coast Guard tests, researches, and ultimately procures? Is there a “one-stop shop” in the Science and Technology Directorate or elsewhere in the Coast Guard or Department that these individuals can reach out to directly?

I’d also like to understand how the Coast Guard seeks out innovative technologies from the private sector with potential mission value. Do program staff only await formal responses to contract solicitations, or do they also get out of Washington, attend trade shows, and conduct proactive outreach to businesses that may have already developed technology solutions?

Can you also comment on current efforts within the Coast Guard to evaluate long-duration unmanned and autonomous surface vehicles to support research and surveillance capabilities for port security, oil spill response, interdiction, and other Coast Guard missions? What other technologies are being pursued or considered that help the Coast Guard maximize its maritime domain awareness and presence without a significant increase in manpower or an expansion of its traditional fleet of cutters and aircraft?

*Answer.* The public, vendors, OGA, and DHS are encouraged to reach out to the Office of RDT&E Program at Coast Guard headquarters or the Research and Development Center (RDC) in New London, Connecticut. An Internet link to organizational description can be found at <http://www.uscg.mil/acquisition/rdc/rdc.asp>. Unsolicited proposals from the private sector are required to follow the Federal Acquisition Regulations (FAR) (FAR subpart 15.6). The Coast Guard specific process for implementation of FAR subpart 15.6 is found at <http://www.uscg.mil/acquisition/business/unsolicited.asp>.

The Coast Guard maintains information on vendor contacts made, as part of market research, in the event future requirement/capability gaps are identified that could potentially be filled with private sector technology solutions.

There are many ways of engaging the private sector in funded and collaborative research to assist the Coast Guard in improving mission effectiveness and efficiencies. Funded Coast Guard research projects with the private sector are identified and developed using Broad Agency Announcements and Federal Register Requests for Information (RFI). Collaborative Coast Guard research with the private sector includes the use of Cooperative Research and Development Agreements (CRADAs)—a tool that Federal labs can use under the Technology Transfer Act. The DHS Technology Transfer Program, which is housed in the Science & Technology Directorate (S&T), has supported the Coast Guard on several CRADAs.

In 2009, the Coast Guard conducted a preliminary assessment of the potential of unmanned and autonomous surface vehicles to improve the effectiveness and efficiency of Coast Guard boat operations. This assessment indicated that while this technology may have potential, there are several challenges to viable implementation into Coast Guard capability. These included (a) potential changes to the United States and International Rules of the Road regarding the navigation of unmanned vessels; (b) the reliability and cost of the technology to meet current and anticipated Rules of the Road requirements; and (c) Coast Guard boats are multi-mission platforms, performing more than just a single operational task such as surveillance, which make a business case for such unmanned and autonomous vehicles difficult at this time.

Recently the Coast Guard initiated the planning process, with the Office of Naval Research (ONR) and other U.S. Navy organizations, for a joint R&D project that will investigate the potential of submerged glider technology.

#### NATIONAL SECURITY CUTTER

*Question.* Has the national security cutter (NSC) gone through official operational testing, and if not, will operational testing be completed in time to inform the purchase of NSCs Nos. 7 and 8?

*Answer.* The Coast Guard has engaged the Navy’s Commander, Operational Test and Evaluation Force (COTF) since 2007 to conduct a variety of initial testing. The

Initial Operational Test and Evaluation (IOT&E) event for the NSC is planned for fiscal year 2014. Prior and ongoing testing such as Combat System Ship Qualification Trials (CSSQT), aviation certification and information assurance certification, as well as operational successes with the first three cutters, have continually demonstrated the capabilities and performance of the NSC.

#### UNMANNED AIRCRAFT VEHICLES

*Question.* The Capital Investment Plan (CIP) states that unmanned aircraft vehicles are still planned to operate from the NSC.

Please explain your plan for this program given the lack of consistent funding in the CIP.

*Answer.* Coast Guard Research and Development (R&D) Center successfully conducted phase 1 of the ScanEagle (a small ship-based UAS) demonstration on CGC *Stratton* in August 2012. This event focused on the engineering, installation, certification and basic operation of an sUAS aboard the NSC. The Coast Guard R&D Center is currently conducting operationally oriented ScanEagle demonstrations aboard CGC *Bertholf* with a follow-up demonstration planned for winter 2014.

#### MARITIME PATROL AIRCRAFT

*Question.* The Capital Investment Plan (CIP) appears to include no funding for additional maritime patrol aircraft (MPAs).

What is the effect of this funding decision on the existing contract?

What is the Coast Guard's plan to replace this capability? Provide an update on the potential transfer of C-27s from the Air Force and what happens if the Coast Guard does not receive them?

*Answer.* Fiscal year 2014 is the final option year on the current HC-144A MPA production contract. The option for up to two aircraft will not be awarded.

U.S. Coast Guard and U.S. Air Force staffs have been discussing the possibility of transferring excess C-27J aircraft from the Air Force to the Coast Guard. A formal letter of intent was sent from the Coast Guard to the Air Force in March of 2013 explaining that the Coast Guard stands ready to immediately accept all excess C-27J aircraft, spares and support equipment. The Coast Guard will accept a minimum of 14 C-27J aircraft.

#### MEDIUM ENDURANCE CUTTERS

*Question.* Given current timeframes for the when the offshore patrol cutter (OPC) is expected to become operational, please clarify the Coast Guard's plans for medium endurance cutter (MEC) sustainment until the OPCs are fully operational. To what extent will current mission effectiveness projects (MEPs) on the MECs be sufficient to carry out mission requirements until the OPCs are operational?

*Answer.* The purpose of the MEP conducted on the 210-foot and 270-foot MECs was to provide cost-effective upgrades and enhancements to selected equipment. The systems and structures targeted during MEP will contribute to mission execution and cutter reliability. Although not scoped to increase design service life, the MEP may provide 5–7 years of additional useful life.

Those systems and structures that were not addressed during MEP will likely require attention in the coming years. The Coast Guard will utilize the fiscal year 2013 MEC sustainment funding appropriated in fiscal year 2013, to conduct MEC condition assessments in preparation for potential future sustainment work.

#### QUESTIONS SUBMITTED BY SENATOR PATTY MURRAY

*Question.* Admiral Rapp, I would like to address concerns relating to a specific project in my State, the Columbia River Crossing (CRC) project. As you are well aware, the U.S. Coast Guard (USCG) permitting process for this project requires complex interagency coordination to complete the multi-year, multi-agency timeline as identified by the President's Dashboard Initiative. I want to make sure that the project is not delayed as a result of this process, which may jeopardize the project's eligibility for State and Federal funding opportunities.

Please identify how the USCG plans to complete the bridge permitting process by the September 30, 2013, deadline?

*Answer.* The Coast Guard is making every effort to meet the Federal Infrastructure Dashboard permit decision target date of September 30, 2013. The time taken to achieve an application submission with all the necessary components to be considered complete was significant, decreasing the Coast Guard's time to evaluate the application, as well as adjudicate comments received during the public comment pe-

riod which ends on June 20, 2013. The number and complexity of comments received during the public comment period may require the Coast Guard to implement an adjustment to the timeline.

*Question.* The USCG requested the permit applicant to identify avoidance, minimization and mitigation measures for impacts but does not specify what standards USCG will use to evaluate those impacts and determine whether adequate mitigation has occurred to meet the reasonable needs of navigation.

Please specifically list and describe each standard USCG will use to measure the overall impact to navigation and how mitigation measures are taken into account in USCG's decision.

Please also describe how the overall economic benefit of the project for the region and Nation will be taken into account in USCG's final determination.

*Answer.* Per 33 CFR section 114.10, "The decision as to whether a bridge permit or a drawbridge regulation will be issued or promulgated must rest primarily upon the effect of the proposed action on navigation to assure that the action provides for the reasonable needs of navigation after a full consideration of the proposed action on the human environment."

The Coast Guard Bridge Program Manual (COMDTINST M16590.5) and the Bridge Permit Application Guide (COMDTPUB P16591.3C) provide an overview of the requirements to determine the reasonable needs of navigation. Courts rely on Coast Guard experts to make such a determination based on objective, fact-based criteria. Courts will defer to agency practice so long as the agency brings the expertise to bear in making a decision, *Citizens to Pres. Overton Park, Inc. v. Volpe*, 401 U.S. 402, 417 (1971). For those waterway users that will be restricted from transiting through the bridge, incur a loss, and/or incur additional costs (direct or indirect) as a result of the proposed action the Coast Guard considers them burdened waterway users. In order for these waterway users to not be considered burdened, the Coast Guard needs confirmation from the burdened parties that their impacts have been mitigated. The Coast Guard will then look to the remaining list of burdened users to determine whether their needs are reasonable and should be accommodated.

The Coast Guard reviews the overall economic impacts and the impacts to waterway users when evaluating the entirety of a permit application. However, the Coast Guard's primary consideration is to ensure that bridges over navigable waters meet the reasonable needs of navigation.

*Question.* Admiral Rapp, the Columbia River Crossing Project has identified fewer than 10 users that could be impacted by the current bridge design. The identified height of 116 feet would affect less than 0.1 percent of bridge users and less than 0.1 percent of cargo.

Does the USCG take into account the entirety of river users, or only those river users that are negatively impacted by the proposed project, when it determines the impact to navigation?

*Answer.* When reviewing a permit application the Coast Guard takes into account all waterway users.

#### USCG RESPONSE BOAT-MEDIUM

*Question.* Admiral Rapp, the Coast Guard is 10 boats short of completing its acquisition of the response boat-medium (RB-M). Throughout its procurement history, the RB-M has been delivered on-time, on-budget, and meets or exceeds all of its performance goals. Furthermore, the RB-M offers a number of operational and cost advantages over the Coast Guard's fleet of 41-foot utility boats (UTBs), which the RB-M is in the process of replacing. I am concerned because the USCG's budget request for fiscal year 2014 did not request funds for the fulfillment of RB-M procurement.

Given its record of exceptional performance and cost-effectiveness, why has the Coast Guard declined to complete its RB-M procurement?

*Answer.* The Coast Guard has completed a mission need analysis and only requires 170 RBMs to support Coast Guard operations.

*Question.* As you know Admiral, the RB-M was procured to replace the USCG's existing fleet of 41-foot utility boats, many of which are approaching or have passed four decades of service. If the USCG prematurely ends this procurement program, I fear the USCG's capability will be diminished. The development and fielding of the RB-M has been characterized by the use of technologies such the Coast Guard's Asset Logistics Management Information System and an Integrated Electronic Technical Publication System to facilitate maintenance planning and contractor logistics support.

How successful have these kinds of support systems been towards enhancing the planned maintenance and uptime of deployed RB-Ms?

How does their performance with the RB-M compare to similar applications with other USCG vessels and platforms?

Answer. Our existing logistics information technology (IT) systems, Asset Logistics Management Information System (ALMIS) and Interactive Electronic Technical Publication (IETP), have been successful maintenance planning tools. They provide the capability to properly schedule and execute planned maintenance while tracking overdue maintenance requirements. They currently provide visibility of inventory parts required for the execution of scheduled and unscheduled maintenance. ALMIS' most robust feature is its ability to track asset performance and maintenance completion data in near real-time. This enables the performance of reliability-centered maintenance analyses which allow the Coast Guard to make data driven decisions regarding maintenance and operations.

Not all of the Coast Guard surface assets are supported by ALMIS or an equivalent IT tool. The new Coast Guard Logistics Information Management System (CG-LIMS) will provide a technology refreshment of legacy logistics IT systems, including ALMIS and IETP. It is configured to match the Coast Guard's integrated business model and replace a number of obsolete and disparate maintenance, supply, configuration management, and technical information IT systems for aircraft and boats.

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#### QUESTIONS SUBMITTED BY SENATOR FRANK R. LAUTENBERG

*Question.* The Coast Guard needs 58 fast response cutters (FRCs) to replace their aging fleet of patrol boats. Congress may fund six boats each year—the maximum number allowed to be commissioned under the current contract—yet the Coast Guard only requested two boats in the fiscal year 2014 budget. If four additional FRCs were funded, two would be slated for homeport at Cape May, New Jersey.

The Coast Guard is currently operating more than 25 percent short of its needed patrol boat mission hours. How would a total of six additional boats help close this gap?

What is the financial impact, in the long-term, of commissioning two vessels at once instead of the full six allowed under the current contract?

Answer. Fast response cutters are programmed to deliver 2,500 resource hours each fiscal year. Six FRCs (four more than requested) would provide 15,000 resource hours. The 2014 request funds the Coast Guard's highest priority needs.

*Question.* The Coast Guard Reserve serves a vital role in assisting the active Coast Guard on a variety of demanding missions, including drug interdiction, search and rescue, and disaster response. After Superstorm Sandy, more than 180 reservists, or approximately 20 percent of the response force, provided recovery assistance in regions across the Northeast that were affected by the storm. The fiscal year 2014 budget request reduces reservists by more than 1,000 men and women.

How will this cut impact the ability to provide surge capacity in the case of a contingency or natural disaster, like Superstorm Sandy?

Answer. The Coast Guard Reserve is a national, strategic resource that mobilizes reservists nationwide to support contingencies and natural disasters such as Superstorm Sandy. Our Reserve workforce will remain a vital addition to the Coast Guard's multimission Active Duty forces that can be surged in response to future contingencies.

*Question.* The Coast Guard is establishing electronic card reader requirements for maritime facilities and vessels to be used in combination with the Transportation Security Administration's Transportation Worker Identification Credential (TWIC) program. A risk-level assessment of various facilities and vessels will be used to establish standards and determine allocation of TWIC resources. Most container terminals would likely fall into the lower risk category (risk group B), and therefore be subject to a lesser standard. This risk determination is based on the known hazardous nature of the cargo presented for shipment.

Does this approach adequately account for risks to our Nation's ports that may be concealed in containerized cargo? If not, what steps should be taken to ensure that the TWIC program and related risk assessments eliminate risks to our ports from both known and concealed containerized cargo shipments?

Answer. The TWIC program, including the use of biometric readers, addresses access control into secure areas of Maritime Transportation Security Act (MTSA) regulated facilities and vessels. In the TWIC Reader Requirements Notice of Proposed Rulemaking, the Coast Guard evaluated both the overall risk at various vessels and facilities and where the access control benefits of TWIC readers will have the great-

est impact on that risk. The Coast Guard will continue to monitor the costs and security benefits of TWIC readers, as well as the external security environment.

The Coast Guard recognizes the importance of container facilities to the Nation's economy, and the need to maintain security at these, and other facilities, in order to protect workers, mariners, and others who could be impacted by a transportation security incident. TWIC is just one of many mechanisms in the multi-layered security regime in America's ports that include, but are not limited to: international port security; advance notice of arrivals to facilitate screening of vessels, crew and cargo; site-specific security assessments; Coast Guard-approved vessel and facility security plans; security exercises; inspections and spot-checks; and regular patrols. The Coast Guard will continue to enforce existing security requirements and conduct other security activities at these facilities.

*Question.* The Cape May Coast Guard Training Center has significant safety and equity improvement needs. Pier 4 is extremely deteriorated and presents a major safety hazard. In addition, the barracks at the Cape May training facility currently lack sprinkler systems and the facilities for male and female recruits are not of equal quality.

The Coast Guard has received \$11 million to address and recapitalize portions of the condemned Pier 4, and that project is currently in the design phase. Will the proposed project adequately address the safety hazards at the pier, and when will it be completed?

In 2012, the Coast Guard provided a basic plan to make necessary improvements to the barracks; however, the plans lacked specific details. When will the Coast Guard address the safety conditions and inadequate facilities at the barracks?

*Answer.* The Cape May Pier project will adequately address the concerns with Pier 4. While the project is currently in the design phase, there have been no delays, and the contract is anticipated to be awarded in September 2013 with 18 to 24 months for contract completion.

In December 2012, the Coast Guard awarded a contract to address the most critical maintenance to the barracks at Training Center Cape May, specifically to upgrade the fire detection and suppression system at the Healy and James Hall recruit barracks and the Bruckenthal unaccompanied personnel housing (UPH) barracks. The contractor has a required completion date of January 1, 2014. Munro Hall, the remaining recruit barracks building, will have fire detection and suppression system upgrades as part of a planned acquisitions, construction, and improvement (AC&I) project.

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#### QUESTIONS SUBMITTED BY SENATOR THAD COCHRAN

*Question.* Admiral, it's my understanding that you have expressed interest in obtaining excess Department of Defense aircraft as part of a recapitalization strategy. How would this help the U.S. Coast Guard's long-term acquisition plan and have you identified the resources that would be required to operate and maintain such aircraft?

*Answer.* Obtaining excess USAF C-27J aircraft provides cost avoidance over the Coast Guard's maritime patrol aircraft (MPA) program of record.

*Question.* Admiral, these seem like challenging times for the Coast Guard for a number of reasons. With the Department of Defense's strategic emphasis on the Western Pacific, it's my understanding that U.S. Navy ships are being diverted to that region, which means fewer assets that the Coast Guard can leverage to conduct its migrant and drug interdiction missions. Your recapitalization budget request is reduced by 35 percent and you have plans to decommission several aging high endurance cutters because of the significant costs to maintain and repair them. Can you describe the concerns you may have in being able to complete the myriad of missions that the Coast Guard is responsible for?

*Answer.* Coast Guard operational commanders allocate resources to address the highest threats and operational priorities. The Coast Guard will continue to do so in this resource-constrained environment. The fiscal year 2014 budget submission will provide the Coast Guard with funding for the seventh national security cutter and two more fast response cutters. These new assets, coupled with robust inter-agency and international coordination will enable the United States and partner nations to best mitigate threats throughout the maritime domain.

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#### QUESTIONS SUBMITTED BY SENATOR LISA MURKOWSKI

*Question.* As the Arctic continues to open, sufficient Coast Guard presence in the region is vital to ensuring the safety and security of the region. In fact, we recently

saw how important the Coast Guard is when the mobile offshore drilling unit *Kulluk* ran aground off Sikkalidak Island at the beginning of this year. I am concerned by your recent announcement that between budget constraints and Shell Oil's recent announcement that it will not be drilling in the Arctic in 2013, you won't have an Arctic presence this summer. There are a number of reasons we still need a Coast Guard presence exist—last year Rear Admiral Thomas Ostebo said that some 1,000 vessel transits are taking place in the Bering Strait each summer. What is the Coast Guard plan to respond to these needs without an Arctic presence?

Answer. The Coast Guard will have an Arctic presence this summer. Arctic Shield 2013 will focus on understanding traffic on Alaska's west coast and the Bering Strait. It includes the Coast Guard's two ice-breaking vessels, the CGC *Polar Star* and the CGC *Healy*, as well as a national security cutter. CGC *Healy* will conduct science missions and will partner with the Coast Guard Research and Development Center to evaluate equipment, and CGC *Polar Star* will test the readiness of the icebreaker and crew. A national security cutter will be deployed as a command and control platform that will conduct various missions. Another essential element will be the forward operating location, based at the Alaska National Guard hangar in Kotzebue, to support deploying our helicopter and personnel. Additionally, a U.S. Coast Guard buoy tender and the Canadian Coast Guard will test a State of Alaska emergency towing system and a vessel of opportunity (oil) skimming system to reinforce crew equipment familiarization and to build upon the U.S. Coast Guard's international partnership with Canada. A Spill of National Significance (SONS) seminar and a mass rescue workshop are also planned.

Question. I'm happy to see that you requested funding for the seventh national security cutter (NSC) as part of the Coast Guard's fleet recapitalization program, but I'm concerned that the requested \$909 million for acquisitions is a dramatic reduction of \$600 million below the fiscal year 2013 enacted level. Is this the funding level you plan for the Coast Guard in the future?

Answer. The Coast Guard's out-year plans are outlined in the Capital Investment Plan to Congress.

Question. Currently there is one high endurance cutter, the *Munro*, homeported in Alaska. Cutters from California or Hawaii conduct all other Alaska Patrol deployments. The *Munro* is over 40 years old and there is no planned replacement. Can the Coast Guard afford to waste precious underway days, 20–30 days per patrol, transiting to and from the operating area, or does it make more sense to homeport more cutters, including a national security cutter, in Alaska?

Answer. The Coast Guard conducts homeport analysis when considering all ports to account for factors including infrastructure costs, access to logistics support, quality of life for families, and distance to areas of operations.

Question. Have any studies been conducted to compare the prudent cost of facility renovations to homeport and support a national security cutter (NSC) in Alaska versus the annual cost of wasted transit time for deployments and casualty repair? Will you commit to such a review?

Answer. The Coast Guard conducts homeport analyses when considering all ports to account for factors including infrastructure costs, access to logistics support, quality of life for families, and distance to areas of operations. No Government Accountability Office (GAO) study or business case analysis has been conducted to compare the prudent cost of facility renovations to homeport and support the NSC in Alaska versus the annual cost of transit time for deployments and casualty repair.

Question. Last year we discussed the aggressive pursuit of polar shipping routes and control of resources by our Arctic neighbors, and the fact that we were so woefully behind on required assets and infrastructure. Last year's \$8 million for the study and design phase for a new polar ice breaker was a good start, but as we move forward towards the requests for proposals (RFP), is the \$2 million requested enough for continued progression in fiscal year 2014?

Answer. Funding provided in fiscal year 2013 coupled with the \$2 million requested in fiscal year 2014 is sufficient to enable the Coast Guard to complete the required pre-acquisition activities, and the Department anticipates delivering an operational ship within a decade after this work is complete.

Question. With the *Polar Star* reactivated, I believe you have requested \$58 million for polar operations. Will that allow you to meet mission requirements in both the Antarctic and Arctic regions?

Answer. The requested amount of \$54 million for polar operations (\$30 million for *Polar Star* and \$24 million for *Healy*) will enable the Coast Guard to meet current mission requirements in both the Antarctic and Arctic regions.

Question. How long do you anticipate it will take to budget for the full \$850 million required to build a new polar icebreaker that the Nation so desperately needs?



Answer. The polar icebreaker replacement is still in the pre-acquisition phases, and as such a detailed acquisition strategy has not yet been developed. However, funding provided in fiscal year 2013 coupled with the \$2 million requested in fiscal year 2014 is sufficient to enable the Coast Guard to complete the required pre-acquisition activities, and the Department anticipates delivering an operational ship within a decade after this work is complete.

*Question.* Is one new polar icebreaker enough?

Answer. The Coast Guard will be able to meet Federal icebreaker requirements in the high latitude regions with CGC *Healy* and CGC *Polar Star*.

*Question.* What are the Department's long-term plans to address our critical Arctic needs?

Answer. The Coast Guard's current suite of cutters, boats, aircraft, and shore infrastructure is sufficient to meet mission demands in the Arctic. Lessons learned and the experience gained during Arctic Shield will be applied to refine and improved Coast Guard Arctic operations and presence for the near future and inform the development of the Coast Guard's plan to provide strategic long-term presence in the region.

*Question.* With Rescue 21, Coast Guard units performing search-and-rescue missions have been more efficient and effective. Rescue 21 means less fuel consumption, less crew fatigue, and less wear and tear on assets. In addition, more lives are saved. Alaska has more than 33,000 miles of coastline, over 700 search-and-rescue cases a year, over 300 lives saved or assisted yearly by the Coast Guard, but I've heard reports that Alaska is getting a watered down system using remaining acquisition funds. What is your plan for fully implementing this vital lifesaving tool in Alaska?

Answer. Due to the Coast Guard's unique operational requirements in the 17th Coast Guard district, the Coast Guard plans to recapitalize the existing National Distress and Response System per Alaska's geographic requirements, which differ substantially over the Continental U.S. coastline.

The Coast Guard's plan for Alaska is to recapitalize and upgrade the existing National Distress and Response System in Alaska. More specifically, the Coast Guard is already proceeding to:

- Upgrade core communications infrastructure at 31 existing sites;
- Replace Remote Radio Control Console System;
- Add digital selective calling to all legacy National Distress Sites; and
- Fill three high-priority coverage gap areas (Middle Cape, Fairweather Banks, Peril Straits); this is in addition to the 31 existing sites.

Additionally, though the Continental United States (CONUS) Rescue 21 system is deployed to Coast Guard CONUS Sector Command Centers (SCCs), in Alaska the recapitalization will extend to 11 command centers in six locations as indicated in the following table.

Anchorage	Juneau	Valdez	Kodiak	Sitka	Ketchikan	Command centers	Total
1 .....	1 .....	.....	.....	.....	.....	Sector .....	2
.....	1 .....	1 .....	.....	.....	1 .....	Station .....	3
.....	.....	.....	1 .....	1 .....	.....	Air Station .....	2
.....	.....	1 .....	.....	.....	.....	SERVS Building .....	1
.....	.....	1 .....	.....	.....	.....	Marine Safety Unit .....	1
.....	.....	1 .....	.....	.....	.....	Vessel Traffic Center .....	1
.....	.....	.....	1 .....	.....	.....	Communications Station .....	1
1 .....	2 .....	4 .....	2 .....	1 .....	1 .....	Totals .....	11

*Question.* I'm told that the most notable difference between the Rescue 21 plan for Alaska and the Rescue 21 system being deployed across the rest of the United States is in direction finding (DF) capability, and that no DF service will be implemented in Alaska. If location services are saving lives, how is this plan not short-changing the residents of Alaska and the brave men and women of the Coast Guard who serve them?

Answer. The Coast Guard's Continental United States Rescue 21 direction finding (DF) capability is applicable from the shoreline to 20 nautical miles offshore. In Alaska, the vast majority of search-and-rescue cases occur well beyond this 20 nautical mile offshore requirement that is necessary for the Continental United States Rescue 21 coastline coverage.

Instead, priority is on adding DSC (digital selective calling) capability for Alaska. The project is adding DSC functionality and completing network infrastructure upgrades. This will allow all 17th Coast Guard district command centers to automati-

cally receive GPS (Global Positioning System) based data and voice from vessels in distress with properly configured DSC radios. The increased position accuracy of DSC enables a more efficient response tailored to the nature of the distress in Alaska while reducing on scene arrival times and crew fatigue.

#### CONCLUSION OF HEARINGS

Senator LANDRIEU. Thank you very much. This has been a very informative hearing. Meeting recessed.

Admiral PAPP. Thank you, Madam Chairman.

[Whereupon, at 4:10 p.m., Tuesday, May 14, the hearings were concluded, and the subcommittee was recessed, to reconvene subject to the call of the Chair.]